

HARBORVIEW MEDICAL CENTER
King County, Washington
July 1, 1994 Through June 30, 1995

Schedule Of Findings

1. Public Funds Were Misappropriated And A Former Administrator Used His Official Position For Private Benefit At Harborview Medical Center

Harborview Medical Center officials and the director of medical centers audit informed the State Auditor's Office of potential irregularities involving the former ambulatory care services administrator. Our audit of the financial records of Harborview Medical Center revealed at least \$3,841.05 in public funds was improperly used for the personal benefit of the former ambulatory care services administrator primarily in connection with his personal consulting business during the period March 31, 1993, through April 30, 1995. There were no federal funds involved in this case.

The director of medical centers audit conducted a special investigation of this matter. We have reviewed the work performed by the director of medical centers audit and agree with the results of their special investigation. The following schedule summarizes the areas of improper use of public funds.

<u>Description</u>	<u>Amount</u>
Personal Cellular Phone Expenses	\$1,539.30
Personal Long Distance Telephone Expenses	288.66
Personal Federal Express Charges	376.90
Payment For Time Not Worked	1,131.71
Personal Food Expenses	<u>504.48</u>
Total Personal Use of Public Funds	<u>\$3,841.05</u>
Less:	
Total Personal Reimbursements Through December 8, 1995	<u>(1,424.95)</u>
Total Unrecovered Amount	<u><u>\$2,416.10</u></u>

Descriptions of how these public funds were misused follows.

a. Personal Cellular Telephone Expenses

Personal telephone calls were made, billed to, and paid by Harborview Medical Center. These calls were made from any one of three cellular phones used by the individual. Two of these phones were installed in his personal automobiles, and one was assigned to him in his administrative capacity. Use for all three telephones was billed to the Harborview Medical Center cellular service account

and he would then reimburse Harborview for the calls he identified as personal. Copies of detailed invoices were obtained for the period December 1993 through May 1995. Based on discussions between the individual and the director of medical centers audit as to his personal usage of the business telephone and examination of cellular service invoices, it appears his personal use of the cellular phones amounted to at least \$1,539.30 for which he reimbursed Harborview \$1,298.90. \$425.79 was reimbursed by the administrator prior to the commencement of the audit and \$873.11 while it was underway. This represents an apparent underpayment of at least \$240.40.

b. Personal Long Distance Telephone Expenses

Long distance telephone records were examined for the individual's office telephone line and long distance access codes. Based on discussions with the individual and examination of records of long distance telephone activity, it appears he made personal long distance calls amounting to at least \$288.66 for which he reimbursed Harborview \$95.95. \$87.84 was reimbursed prior to discussions with the administrator and \$8.11 after. This represents an apparent underpayment of at least \$192.71.

c. Improper Federal Express Expenses

Personal Federal Express shipments were made, billed to, and paid by Harborview. All Federal Express invoices billed to Harborview from March 1993 to March 1995 listing the administrator as sender or recipient were examined. Based on information obtained during the examination of telephone records, the director of medical centers audit found 31 personal shipments charged to Harborview's Federal Express account totaling \$376.90. Shipments were made to and from various Utah law firms, as well as to relatives. Harborview received reimbursements of \$30.10 for these shipments after the commencement of the audit leaving an outstanding underpayment of at least \$346.80.

d. Payment For Time Not Worked

The administrator prepared false attendance records and thereby received pay for which he was not entitled. The director of medical centers audit compared work leave records to the administrator's calendar and identified days where no leave was taken but he was scheduled to be out of the office. In addition, letters were sent to various law firms with which he had made personal phone calls or made Federal Express shipments to requesting information regarding the extent of his contact. Based on the evidence obtained, it was determined the administrator's annual leave records were overstated by at least 28 hours. The 28 hours of overstated annual leave represents payments of \$1,131.71 in salary to which the administrator was not entitled.

e. Improper Food Expenses

On December 4, 1993, and December 3, 1994, the administrator held Christmas parties in his home for ambulatory care services administration personnel. He described the events as year-end planning meetings and requested reimbursement from Harborview for expenses he incurred. Catering charges amounting to \$504.48 for the 1993 Christmas party were paid by Harborview from public funds. In 1994, his requests for payment of \$585.10 for catering and \$300.00 for entertainment were denied. Expenses for the 1994 party, however, were then

billed to and paid out of the department's discretionary fund to the extent of the fund's balance of \$503.06.

In addition to the misuse of public funds, there were at least two instances where the former administrator misused his position at Harborview Medical Center to benefit other individuals.

- In the first situation, he directed his staff to retain an individual on Harborview's payroll as a full-time classified employee after she had resigned from full-time employment. The administrator knew this classification would result in the employee receiving more pay than if she were classified as an hourly employee. Department personnel brought this condition to management's attention who determined the individual in question was performing duties as an hourly employee subsequent to her resignation. Management corrected her payroll status and has recovered the net overpayment of \$489.20 from the individual.
- In the second instance, the former administrator circumvented Harborview's personnel practices by reassigning an individual from a position in one department to a different position in another department without changing the individual's personnel records. As a result, department budgets were not properly charged for the individual's payroll. Accordingly, the reassignment went undetected by Harborview administration. After this situation was discovered, management corrected the individual's personnel records. The individual has since resigned.

RCW 9A.56.030 states:

Theft in the first degree. (1) A person is guilty of theft in the first degree if he commits theft of:

(a) Property or services which exceed(s) one thousand five hundred dollars in value; or

(b) Property of any value taken from the person of another.

(2) Theft in the first degree is a class B felony.

RCW 9A.60.020 states:

Forgery. (1) A person is guilty of forgery if, with intent to injure or defraud:

(a) He falsely makes, completes, or alters a written instrument or;

(b) He possesses, utters, offers, disposes of, or puts off as true a written instrument which he knows to be forged.

(2) Forgery is a class C felony.

RCW 40.16.010 states in part:

Every person who shall willfully and unlawfully remove, alter, mutilate, destroy, conceal, or obliterate a record, map, book, paper, document, or

other thing filed or deposited in a public office or with any public officer, by authority of law, shall be punished by imprisonment in a state correctional facility for not more than five years, or by a fine of not more than one thousand dollars, or by both.

RCW 42.52.070 states:

Except as required to perform duties within the scope of employment, no state officer or state employee may use his or her position to secure special privileges or exemptions for himself or herself, or his or her spouse, child, parents, or other persons.

RCW 42.52.160 states:

(1) No state officer or state employee may employ or use any person, money, or property under the officer's or employee's official control or direction, or in his or her official custody, for the private benefit or gain of the officer, employee, or another.

Harborview is under the management of the University of Washington (UW), and is responsible for following the policies and procedures of the *UW Operations Manual*. While this manual establishes adequate policies and procedures to ensure employees properly use state resources and accurately complete attendance and leave records, these policies and procedures were circumvented, partially complied with, or not followed by the former ambulatory care services administrator. Additionally, due to his position and authority, the former administrator was able to override existing controls and/or staff did not feel that they were able to question his decisions or expenses.

Harborview and the University of Washington have a personnel dishonesty bonding policy. However, these losses were not covered by the bonding company because they were less than the deductible provision of the policy.

Harborview is currently seeking recovery of the remaining misappropriated funds directly from the former administrator.

We recommend Harborview Medical Center seek recovery of the remaining misused public funds in the amount of \$2,416.10 and the related audit/investigation costs from the former administrator.

We further recommend the Washington State Office of the Attorney General and the King County Prosecuting Attorney review this matter and take whatever action is deemed necessary under the circumstances. Any compromise or settlement of this claim must be approved in writing by the Attorney General and State Auditor as directed by RCW 43.09.330.